

Approved For Release 2004/09/28 : CIA-RDP88-01314R000300400021-6



Allbritton (left), Bellows: A damaging non-decision

Perils of the Star

The survival saga of The Washington Star is beginning to resemble a journalistic version of "The Perils of Pauline." Texas millionaire Joe L. Allbritton, who purchased control of the financially ailing afternoon paper last fall, seemed just the man to pluck the 123-year-old Star from the brink of bankruptcy. Allbritton plunged millions into the paper, hired an innovative new editor and vowed to stay in the field against the morning Washington Post. Allbritton, however, set forth one key condition: that he also be authorized to buy the parent company's six profitable broadcast stations in order to help offset the newspaper's losses.

Last week, a new villain loomed on-stage in the form of the Federal Communications Commission. The FCC announced that it was putting off a final ruling on Allbritton's request until public hearings could be held—a process that often consumes more than a year. With the Star currently losing about \$1 million a month, the FCC's inaction could amount to a death sentence—thereby turning the nation's Capital into another one-newspaper town.

The legal hangup in the Star case is the FCC's new cross-ownership rule. Designed to break up local media monopolies, the rule prohibits the perpetuation of newspaper-broadcast combinations in the same market when their ownership changes hands. Allbritton, who took over the Star with a \$5 million payment and a \$5 million loan, was scheduled to increase his investment to \$25 million through the purchase of effective controlling interest in Washington Star Communications, Inc., which owns ra-

dio and television stations in Washington, Virginia and South Carolina. Thus the second stage of the deal hinged on Allbritton's persuading the FCC to waive its cross-ownership ban. But after eight months of deliberation, the FCC refused to settle the waiver petition until the lengthy public-hearings procedure could run its course.

Outrage: The irony of the FCC's decision to delay is that it might well produce exactly the kind of situation that its cross-ownership rule is supposed to prevent—namely, the creation of a Washington Post monopoly if the Star is allowed to die. "The FCC seems to want to kill us to preserve competition," fumed one Star editor. "How in the hell do you figure that one?" Star columnist Mary McGrory was outraged enough to propose that staffers conduct a candlelight vigil at the FCC. "We should go completely public," stormed McGrory, "with marches, bumper stickers and everything." A notable vote of support came from the rival Washington Post, which in a strong editorial branded the FCC's wait-and-see ruling "a demonstration of regulatory lethargy at its worst." Added the Post: "We believe in a freely competitive press, and that is precisely why we also believe that the nation's Capital needs at least two competing newspapers." Treasury Secretary William Simon also chimed in, denouncing the agency's postponement as "a coward's way out."

Allbritton himself called the ruling "shocking news," and then hurriedly met with lawyers to consider his options. He is contractually free to pull out of the deal and thus, as one Star staffer dolefully put it, "take a \$5 million bath now instead of maybe a \$50 million bath later." But the tough, 50-year-old Texan

one key employee explained, "He told us after the FCC ruling that he hasn't played all his cards yet."

As it happens, the Star's latest setback comes at a time when the paper, which dominated the Washington press scene until the mid-'50s, is suddenly showing renewed signs of journalistic zip. Although daily circulation has slid to 369,626 (vs. the Post's 536,350), the once-stodgy Star has undergone a personality change under new editor James G. Bellows. A trendy, fast-wheeling veteran of The Los Angeles Times and the late New York Herald Tribune, Bellows has introduced a perky front-page "Q and A" interview column (subjects have ranged from a local dogcatcher to Joan Baez) and an irreverent Capital-gossip column called "The Ear" (which likes to poke read-between-the-lines fun at the extracurricular love lives of unnamed but identifiable public figures). In a reference to rumors that uneasy Star staffers are trooping to the Post with résumés, "The Ear" indulged in some gallows humor. "The Washington Post elevator fell two stories," it cracked. "Twelve Washington Star reporters were injured."

Bellows's proudest innovation is a "writer in residence" column, featuring new-journalism heavyweights on a drop-by basis. The series was launched by Jimmy Breslin, who gleefully spoofed the absurdities of Washington bureaucracy. Breslin will be followed by writers Tom Wolfe, Gay Talese, Dick Schaap and Gloria Steinem—a line-up that would have lifted eyebrows among the Star's old-school editors. But Bellows shrugs off suggestions that he is trying to out-Post the Post, and he rejects the notion that the new Star should serve as a conservative alternative to its liberal rival. "What we need is a more lively and important newspaper," he says. "We need people like Breslin who glitter."

Hope: What the Star doesn't need is a divided front. But rumors persist that some members of the Noyes, Kauffmann and Adams families, which had owned the Star since 1867 and still control the parent company, want to unload the paper because it is draining revenue from the firm's lucrative broadcast properties. A recent story in The New York Times—reprinted in the Star—claimed that some board members have reneged on their promises to Allbritton to guarantee the loans he has sought to keep the paper afloat. Newbold Noyes, the Star's former editor, has heatedly denied such reports, but Noyes does concede that there are "differences of opinion" among the board members about "how much stockholders with varying resources can afford to bet on the outcome."

Late in the week, the Star's demoralized staffers received one dose of hopeful news. The FCC announced that it had decided to speed up the schedule of public hearings on Allbritton's waiver request. That still left the Star in limbo,

but the FCC's slight delay
might help keep advertisers on board
and creditors at bay—at least until the
next installment of the "Perils."

—HARRY K. WATERS with TOM JOYCE and PHILIP S.
COOK in Washington